

VZCZCXRO0584
RR RUEHGR
DE RUEHKG #0644 0931424
ZNR UUUUU ZZH
R 031424Z APR 06
FM AMEMBASSY KINGSTON
TO RUEHC/SECSTATE WASHDC 2533
INFO RUCNCOM/EC CARICOM COLLECTIVE
RUEHUB/USINT HAVANA 0050

UNCLAS KINGSTON 000644

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STATE FOR WHA/CAR (WBENT), WHA/CCA, EB/ESC/TFS (NOBLE)

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [EINV](#) [JM](#)

SUBJECT: BANK EXPLAINS CUBAN ACCOUNTS DECISION

REF: 03/30 MORGAN/BENT E-MAIL

THIS MESSAGE IS SENSITIVE BUT UNCLASSIFIED. PLEASE HANDLE ACCORDINGLY.

¶1. (SBU) The Cuban Ambassador to Jamaica, Gisela Garcia Rivera, responded with outrage to recent media reports that the Bank of Nova Scotia Jamaica Limited (BNS) would cease holding U.S.-dollar-denominated accounts maintained in Jamaica for the Cuban Embassy. Garcia announced that the Cuban Embassy would close all accounts held with BNS, saying: "We consider this an outrageous extraterritorial application of United States laws in the territory of an independent country and it is therefore a serious violation of international law." On March 29, Econoff followed up with David Noel (protect), Senior Vice President and Senior Legal Counsel for BNS. Econoff asked for clarification regarding those media reports, according to which BNS had sent a letter that cited provisions of the USA PATRIOT Act as justification for their actions.

¶2. (SBU) In fact, Noel explained, it was not only the PATRIOT Act which had led to his decision, as the compliance officer for BNS, to inform Ambassador Garcia that the bank would no longer be able to hold U.S.-dollar-denominated accounts. The branch manager who wrote the actual letter to the Cuban Ambassador, he explained, was not fully aware of the laws in question, which led to a misplaced emphasis on the PATRIOT Act. He stated that guidance from the sector,s regulator) the Bank of Jamaica (BOJ)) that was issued in September 2005 had led him to examine BNS procedures, and that in the course of this review he had concluded that the bank "was exposing itself to risk" by holding such accounts.

¶3. (SBU) Noel opined that the media were not interested in hearing his side of the story, as it is less compelling than hints that the BNS is beholden to United States law. "The fact of the matter is that this is business," he continued. "It is nave to think that you can ignore the domestic legislation of any country in this industry." He further noted that, from a political perspective, he was not expecting any Jamaican public figures to come out in support of BNS actions. "It is far easier to support poor little Cuba," he said.

¶4. (SBU) His cynicism notwithstanding, Noel said that he was pleased with the backing that he had received from BNS senior management. He believed that there was "no chance" that the bank would bow to media or political pressure to reverse the decision. Post will continue to monitor press coverage and the bank,s public response, and will report as appropriate.
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